



STATE OF WEST VIRGINIA  
OFFICE OF THE ATTORNEY GENERAL  
DARRELL V. MCGRAW, JR.  
CONSUMER PROTECTION DIVISION  
1-800-368-8808 or 304-558-8986

# Press Release

January 2, 2003

FOR IMMEDIATE RELEASE CONTACT: SILAS TAYLOR  
304-558-2021

**ATTORNEY GENERAL DARRELL V. MCGRAW, JR.  
PROPOSES ADDITIONAL RESTRICTIONS  
ON SALE OF WATER COMPANY**

The West Virginia Public Service Commission has been presented with a multifaceted settlement negotiated by the Office of the Attorney General that would, if approved by the Commission, impose additional conditions on the acquisition of West Virginia-American Water Company (WVAWC) by Thames Water Aqua Holdings, Inc. If the settlement is not approved, the Attorney General will appeal the Commission's earlier orders approving the proposed sale. Under the agreement, WVAWC concedes that it has no property rights to West Virginia's waters or water resources and it forever foregoes its right to assert such ownership in the future. Should questions pertaining to property rights arise, the WVAWC agrees to promote the established notion that ownership of West Virginia streams is vested in the State for the benefit of the public and to support legislation that would establish, by statute, public ownership, regulation, and control of the State's water resources.

The agreement precludes WVAWC from using international treaties to challenge or defend against the orders of West Virginia regulatory agencies and from seeking damages or other remedies in international tribunals. These provisions have attracted the attention of international law experts because they provide more protections than the other states have provided for in their approvals of the transaction.

The agreement prohibits WVAWC from selling water outside the State without the consent of the appropriate State agencies, including the Commission, except to the extent that such sales, in Virginia and Ohio, have already been approved. For all exports, WVAWC will be required to contribute three percent (3%) of its gross revenues to the State's Drinking Water Treatment Revolving Fund as a user's fee. This fund draws a four-to-one federal match and is used to make improvements to the State's publicly-owned water systems. The agreement stipulates that this cost cannot be passed on to WVAWC's West Virginia consumers, either directly or indirectly.

The agreement also requires that any savings resulting from the acquisition be passed on to West Virginia consumers in WVAWC's next rate case. (The Commission had already required such savings to be passed on, but did not insure that this would occur in the next rate case.) Additionally, the WVAWC has agreed to increase its contribution to the Helping Hand Program-a program that helps low-income households pay for water services-from twenty-five thousand dollars (\$25,000) for each of the next two years to fifty-thousand dollars (\$50,000) for each of the next three years.

Attorney General McGraw stated, "This agreement insures that West Virginia is positioned to control, conserve, and regulate its most precious natural resource, and to enhance the potential for economic benefit."

###